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PACIFIC  TELESIS
Group - Washington

July 27, 1993

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 93-222 - Amendment of the Part 69 Allocation of General Support Facility Costs*

On behalf of Pacific Bell and Nevada Bell, please find enclosed an original and six copies of their "*Opposition to MFS's Petition For Reconsideration*" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Amendment of the Part 69 Allocation) CC Docket No. 92-222
of General Support Facility Costs)
)

**OPPOSITION OF PACIFIC BELL AND NEVADA BELL
TO MFS'S PETITION FOR RECONSIDERATION**

On June 28, 1993, MFS Communications Company, Inc., ("MFS") filed a Petition for Reconsideration of the Commission's May 19, 1993 order permitting a reallocation of General Support Facilities ("GSF") costs.¹ Pursuant to 47 CFR Section 1.429(f), Pacific Bell and Nevada Bell (the "Pacific Companies") oppose MFS's Petition.

The reallocation of GSF costs allows the Pacific Companies to apportion an appropriate amount of GSF investment to the common line category. This will result in greater economic efficiency and prices that are more in line with actual costs. MFS admits that it did not oppose the rule change and that in concept it does not oppose "the revision or elimination of regulatory rules that interfere with efficient pricing in markets where effective competition exists."² However, MFS opposes implementation of the rule at the time, arguing that other issues such as the collocation tariff investigation and

¹ In the Matter of the Part 69 Allocation of General Support Facility Costs, CC Docket No. 92-222, Report and Order, released May 19, 1993 ("GSF Order.")

² Petition for Reconsideration of MFS, p. 3.

the examination of volume and term discounts must be resolved concurrently with the GSF reallocation.³ According to MFS, the Bureau's action with respect to GSF is an example of an action by the Commission that tips that balance in favor of the local exchange companies ("LECs").⁴

This argument strains credibility. The LECs flexibility with respect to pricing remains limited, while MFS's pricing flexibility is unrestrained. This Petition by MFS is yet another attempt by MFS to retain the current LEC price umbrella under which MFS can price without fear of a competitive LEC price response.

The reallocation of GSF costs has been found to be appropriate by the Commission because it will make access services more efficiently priced and will facilitate the development of a competitive local access market.⁵ MFS is, in effect, asking the Commission to retain a rate structure that is contrary to its goals and the public interest. The Commission is examining volume and term discounts⁶ and is investigating the

³ Id. at pp. 3-5.

⁴ Id. at p. 3.

⁵ GSF Order, para. 11.

⁶ Data request from Cheryl A. Tritt, Chief, Common Carrier Bureau, dated December 18, 1992; Response of Pacific Bell filed January 15, 1993; Data request from Cheryl A. Tritt, Chief, Common Carrier Bureau, dated April 23, 1993; Response of Pacific Bell dated May 14, 1993.

collocation tariffs.⁷ The Pacific Companies have submitted extensive data to support the reasonableness of volume and term discounts as well as the rates contained in the collocation tariff. If any of the rates is found to be unreasonable, the Commission will be able to take appropriate action. There is no rational basis for requiring GSF costs to continue to be misallocated pending the outcome of other matters.

For the foregoing reasons, the Commission should reject MFS's Petition for Reconsideration.

Respectfully submitted,

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Date: July 27, 1993

⁷ In the Matter of Local Exchange Carriers' Rates, Terms, and Conditions for Expanded Interconnection for Special Access, CC Docket No. 93-162, Order Designating Issues for Investigation, released July 25, 1993.

CERTIFICATE OF SERVICE

I, D. E. Van Laak, hereby certify that copies of the foregoing "OPPOSITION OF PACIFIC BELL AND NEVADA BELL TO MFS's PETITION FOR RECONSIDERATION", re CC Dkt. 92-222, were served by hand or by first-class United States mail, postage prepaid, upon the parties appearing on the attached Service List this 27th day of July, 1993.

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Dkt 92-222

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